

AMERICAN LUNG ASSOCIATION



ANNUAL REPORT 1980-1981

2026257456

no research expense  
category

research down  
as percent of budget

## A MESSAGE FROM THE PRESIDENT

negative  
horrible  
messy  
It was my privilege to serve during the past year as president of the American Lung Association in an atmosphere of cooperation and dedication among all sectors of a diverse family: volunteers and professionals, ATS and CLAS, national and field. This diversity has at long last emerged as a basis of strength and teamwork rather than a source of divisiveness.

Ever since its birth, the American Lung Association has existed as the oldest voluntary health agency in the United States. It is currently enjoying a renaissance as the most vital and resourceful, the most responsible and responsive one-health association.

At a time when the survival of voluntarism is threatened, the ALA has leaped forward on all fronts: program and fund-raising, name identification and morale. This has resulted in recognition by the public, the government and the media that ALA is the objective and scientific spokesperson for the community.

On a more specific and personal basis, I am particularly delighted that we broke new ground in advocacy and visibility. Special-interest groups abound, but ours is the only voluntary health agency meaningfully addressing the issue of indoor pollution or "second-hand" smoke, the only one to assume a leadership role in the struggle to insure an effective Clean Air Act by calling the harmful health effects of air pollution to public attention.

The list of persons who made it all possible is far too long to recite. I will express profoundly and symbolically my appreciation to two volunteers, ATS president Dr. Anne L. Davis and Christmas Seal chairman Bob Hope, and one professional staff member, the chief executive officer: James A. Swomley.

It all came together in May when "a funny thing happened on the way to the Annual Meeting in Detroit." We learned that the Office on Smoking and Health of the federal government proposed to drop certain antismoking public messages featuring Brooke Shields. The ALA protested. As a result, the television spots, posters and print ads were taken over by the ALA and are currently carrying a vital message to the young women of America. Ms. Shields joined the "ALA family" as a most appropriate National Youth Chairman. She is our first such spokesperson.

It was a sobering experience to serve as president of the American Lung Association two years ago when its economic health was in jeopardy. It has been an exciting privilege again to serve the ALA at a time of resiliency.

only 5 million  
7 million  
In the media and the halls of Congress and the corridors of the National Health Institutes in Washington and state capitols and city councils, the ALA speaks—and its voice is heard. ‡



Richard Sinsheimer/President  
American Lung Association 1980-81

AMA 113  
130

1977-50m  
78-51m

79-53  
80-58m

## A YEAR FOR PROGRAMS



Managing Director James A. Swomley (left) testifying before the House Subcommittee on Oversight and Investigation.

*new*  
*heavy*  
*anti-smoking*  
*emphasis*

Every voluntary health agency must listen to public inquiries that often ask: "Who are you?" "What do you do for us?" The ALA has responded with specific, targeted packages. Let me cite a few and explain how each serves a community:

● **FREEDOM FROM SMOKING**, a unique national program of outreach to those millions of cigarette smokers who want to give up their health-defeating habit. Our two attractive, easy-reading manuals offering self-help have filled a need. By their enthusiastic response, the smokers who have ordered them are saying: "Yes, I do want to change... to quit... and I'm looking to the American Lung Association to help me do it on my own."

Behind this innovative program there is a four-year commitment. It entailed scientific research and study and considerable funding. In a sense, this work has only just begun. Our antismoking programs will continue, and they will expand. For we have a clear mandate: There are an estimated 54 million cigarette smokers; approximately 90 percent of them have declared they wanted freedom from smoking.

● Hard on the professional heels of **FREEDOM FROM SMOKING** comes **SUPERSTUFF**, the box of self-help and surprises for the child with asthma, as well as the youth's mother and father. In games, puzzles, songs and prose instruction, the asthma sufferer is taught to relax, to live more normally with his or her disease. Again, this significant and continuing program carries the scientific stamp of the American Thoracic Society, the medical arm of ALA.

● A third factor in the successful "triple play" that made 1981 an auspicious year for ALA was the opening of a governmental relations office in

Washington. In his first assignments on Capitol Hill, Robert Weymueller, the knowledgeable director of the office, quickly established two things: 1) the unquestioned value of a Washington "voice" for ALA; 2) his skills as the ALA advocate—the enthusiast, explainer and persuader for the Clean Air Act; for tuberculosis grant money; for the cause of smoke-free air on airplanes; for a new and probing look at tobacco subsidies.

During this past year, I personally spent about one-fourth of my time traveling to ALA constituents and affiliates. Wherever I went, I saw hard evidence that truly we are a "grass roots" association that believes our problems can be addressed and solved, that most lung disease can be controlled or treated or prevented. Moreover, there is a visible network of concern joining us all to this philosophical theme. Oftentimes, it is a chain that includes laboratory research, a stop-smoking clinic, a trek along a mountain trail, and a pediatric asthma program.

● There are some 47 million Americans with one or more lung diseases and, in the broadest sense, this is the constituency to whom we address our annual message. Moreover, we announce with pride that our Development Division saw the largest increase in public support in ALA history. In 1980-81, we collected \$60.4 million, up from \$49.2 million a year ago.

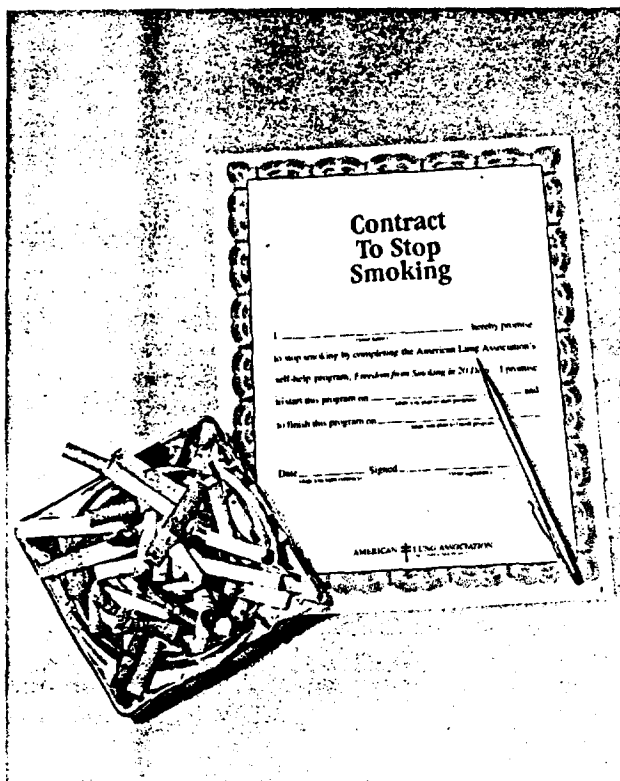
To more than 150,000 volunteers, to the conscientious staff members and dedicated board members of the 150 lung associations in the field, we add: "Thank you. Well done!"

James A. Swomley,  
Managing Director

# FREEDOM FROM SMOKING

graphics  
much bolder

much improved  
larger type



"I quit smoking last Sunday. It didn't hit me until I woke up Tuesday morning and thought, 'Hey, I don't smoke anymore.' It was an exciting feeling." So said a Savannah, Ga., woman who had participated in the ALA's FREEDOM FROM SMOKING self-help program. The key here is the "self-help" aspect. Although more than 30 million U.S. smokers have quit since the 1964 Surgeon-General's Report, an estimated 54 million Americans now smoke—more than a quarter of this country's population. Though surveys have indicated that nine out of 10 smokers say they would like to kick the habit, two thirds of this number would rather do it themselves than sign up with a formalized program.

The ALA realized that what was needed was a "how-to" manual—a systematic day-by-day approach to show smokers how to kick the habit for good. Thus was born the "Freedom from Smoking in 20 Days" manual and its sister publication, "A Lifetime of Freedom from Smoking," which is designed to help the former smoker resist lighting up again. Testing of the self-help program has indicated a gratifying suc-

The FREEDOM FROM SMOKING manual includes a contract the smoker makes with him/herself as well as a day-to-day self-help regimen.

cess rate, and another plus is that the program's cost is about one eighth that of the more formalized clinic method.

Speaking of cost, the toll taken by cigarette smoking on life and finances remains unconscionably high. Diseases associated with cigarette smoking are responsible for 350,000 premature deaths a year. Smokers also tend to be ill more often and lose more workdays than nonsmokers. This loss in productivity has been estimated to cost \$19 billion annually, and that doesn't count the 5-to-8 billion dollars spent on medical care for cigarette-related illnesses. Thanks to the FREEDOM FROM SMOKING program, some dent may be made in those dreadful figures. Already, some of the nation's largest companies have purchased the manuals for distribution to employees and their families; government agencies have asked to use the program, and more than 295,000 manuals were distributed within only two months after the program's launching. ‡

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more sales - better pitch, less "reporting"  
better writing UTA still seems to be "targeted"  
at ALA assemblies rather than sales not rather from document



ALA wants this mother to realize that her smoking may be harming her own child's lungs.

**Question:** When does a nonsmoker suffer the same reduction in pulmonary function as a 10-cigarette-a-day smoker?

**Answer:** When the nonsmoker works for 20 years at the same job site as smokers.

Some call it passive smoking or second-hand smoking, but whatever its name, it means a menace to health.

Recent research suggests that nonsmoking wives of smokers may have a greater rate of lung cancer than women married to nonsmokers. And, according to a national health survey, children whose parents smoke suffer a greater incidence of respiratory disease. So the unrestricted smoker detrimentally affects not only strangers in public places but fellow workers and loved ones.

Long an outspoken advocate of nonsmokers' rights, the American Lung Association, in concert with local lung associations, has embarked on a major education and prevention campaign. The campaign emphasizes the need for nonsmokers to unashamedly object to being forced to endure cigarette smoke, even when the smoker is a close friend or a member of the family. The ALA nonsmokers' rights program also stresses the promotion of federal, state and local legislation to protect the well-being of those who have decided not to smoke. Such programs and advocacy must be on the right track—the Tobacco Institute publicly named ALA the number-one adversary. In a resolution, the ALA expressed its gratitude to the institute for bestowing this signal honor. ‡

*definite implic. that this  
is way to make its mark*

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# SUPERSTUFF

and "A REGULAR KID"

## SUPERRALS

### LEARN TO RELAX

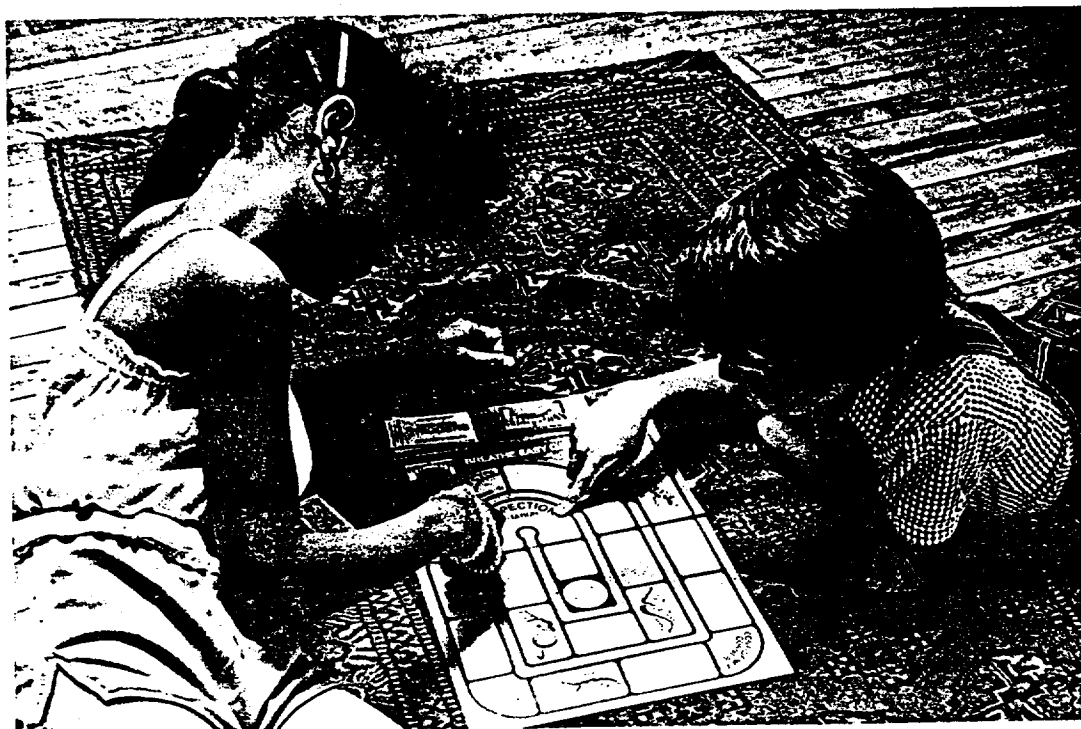


It's no fun to be a kid with asthma. Often a child with asthma feels like an outsider, is limited in play activities and is fearful of embarrassing attacks. And the parents also live under a cloud, dreading the next asthmatic episode or even a crisis that sends them rushing to an emergency room. A program aimed at liberating the child with asthma was introduced—the long-awaited and much-heralded SUPERSTUFF, which is an entertaining collection of games, puzzles, rhymes, and cutouts that teaches the child with asthma how the youngster can help in the management and control of the disease. Because the materials are so playfully presented, SUPERSTUFF educates painlessly and gets across the lessons that will be valuable for a lifetime.

Many of the 2 million children with asthma can "feel like a regular kid" if educated properly. Indeed, "A Regular Kid" is the name of an ALA film that debuted in November 1980. The film is an affirmation of the fact that children with asthma can be helped to lead a normal existence. Response to the film, which has been awarded a \$25,000 postproduction grant by Geigy Pharmaceuticals, has been exceptional, and more than half the nation's lung associations have ordered prints to show in their communities. ‡



ALA created the film "A Regular Kid" (above, a dance class scene from the movie) and SUPERSTUFF (opposite page and below) to help children with asthma cope with the disease. SUPERSTUFF utilizes comic strips and games to teach its lessons.



N. Melillo

2026257462

## CLEAN AIR

Each day, the average person breathes about 16,000 quarts of air, and when that air is polluted, it may cause a breakdown of the lungs' defenses, thus increasing the susceptibility to acute respiratory illness or exacerbating an existing respiratory disease. In 1980-81 the American Lung Association created a new Washington, D.C., office in order to better communicate with Congress and monitor legislation. Strong clean-air legislation is one of its priorities. Particular attention is being paid to the reauthorization of the Clean Air Act of 1970. To that end, the ALA held regional seminars throughout the country and conducted a workshop in Washington, D.C., so that lung association representatives could learn how to participate in and have impact on the legislative process for both clean air and TB legislation. The ALA has taken a position on the Clean Air

Act that includes support for the setting of ambient air-quality standards based solely on health concerns and creating regulations to protect the public from hazardous air pollutants.

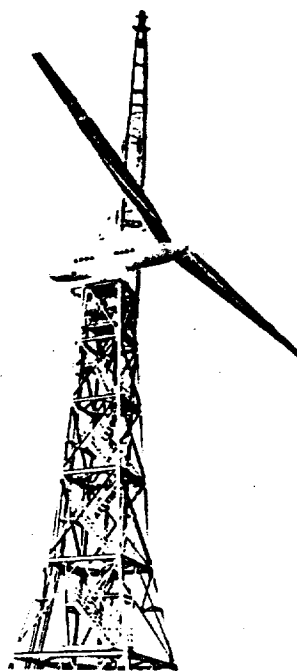
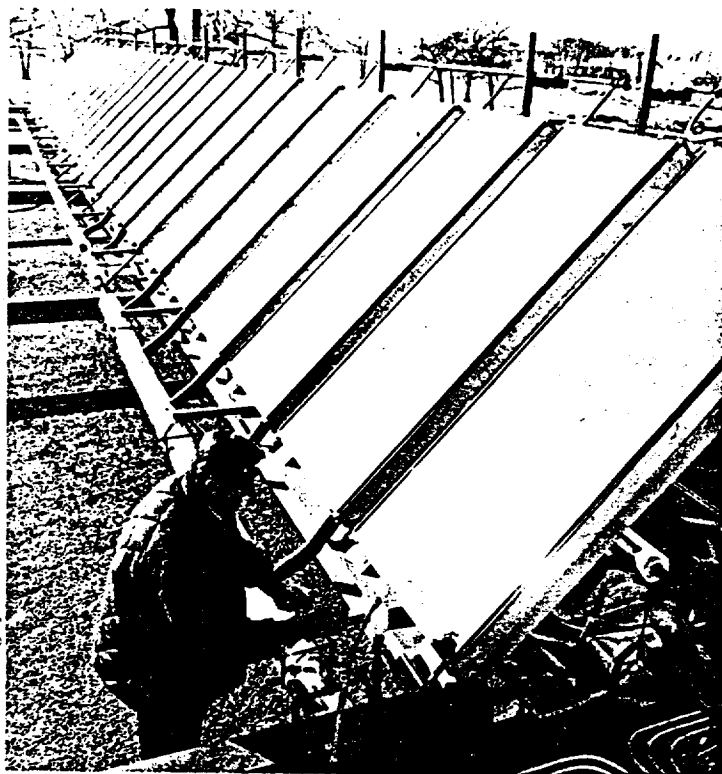
The Declaration of Independence rings with the phrase "life, liberty, and the pursuit of happiness." The trouble is, liberties taken with our air have shortened lives and often crippled the pursuit of happiness. With an eye to heightening public awareness of air pollution, the ALA and its local lung associations were co-sponsors of Clean Air Week, which stressed the dangers of unhealthy air and suggested solutions such as alternate forms of nonpolluting energy, heavier use of public transportation, and more efficient control of auto exhausts and emissions. ‡



During smog alerts in Los Angeles, people are asked to limit driving. Autos are major contributors to air pollution.

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Solar collectors and windmills can reduce the use of fossil fuels, such as coal, for energy. Coal burning is a major source of air pollution.



The Norfolk County-Newton Lung Association joins its state (Mass.) in demonstrating auto inspection and maintenance.

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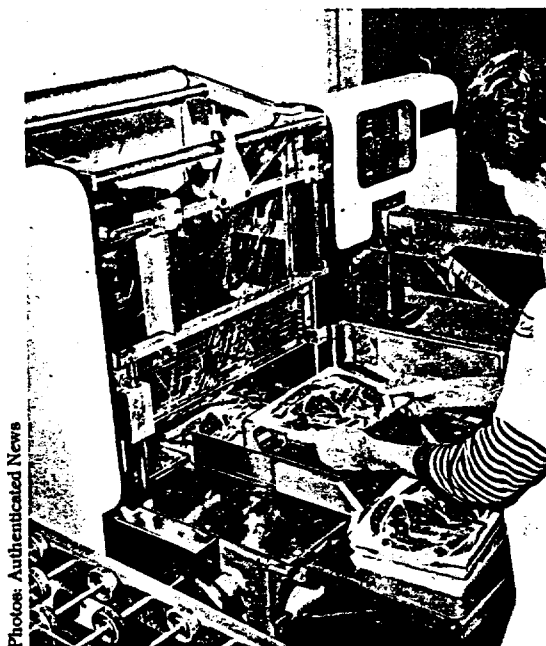
## OCCUPATIONAL HEALTH

Whether sitting over a jewelry-maker's lathe or wrestling coal from underground veins, workers throughout a multitude of industries may be in danger of inhaling toxic substances harmful to their lungs. It is estimated that each year 65,000 workers are struck by lung disease related to their jobs and that 25,000 persons die from occupational lung diseases. Much of this suffering is needless because occupational lung disease is preventable through identifying the toxic substances and then curbing exposure to them. Aware that much can be done to limit the danger to workers' lungs, the ALA has joined with representatives of labor, management, government, and academia to identify the extent of the problem and promote preventive measures.

But it is local lung associations, closer to their communities' industrial health problems, that are ideally suited to educating labor, industry and the local medical professionals to the causes, prevention and treatment of occupational lung disease.

Last year the Oregon and Rhode Island lung associations were two examples of what can be done to sponsor imaginative programs to improve the health environment in the working place. The Oregon association sponsored conferences on safety in major state industries and created an Occupational Health and Safety Resources Directory that included a detailed compendium of services available for dealing with prevention, education, compensation, insurance, legal assistance, and health care.

The Rhode Island association worked to identify breathing hazards in its state's predominant industries and prepared three monographs on jewelry foundry and welding that management and labor can use to create safer workplaces. ‡



Photos: Authenticated News

Many workers are exposed to harmful pollutants. In meat wrapping (above), the heated plastic gives off a vapor linked to asthma. Welding (below) can also produce harmful fumes.



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## TUBERCULOSIS

new 2

Movie Still Archives



"Camille," starring Greta Garbo, romanticized TB, but the disease is a devastating reality to some Haitian refugees who fled from poor living conditions.

At one time it was called consumption, and in plays and novels ladies coughed delicately into lace handkerchiefs as their lives ebbed away. Tuberculosis, however, was no mere poetic ploy of the dramatist's art; it was a scourge that struck rich and poor in massive numbers. No wonder that one of the greatest discoveries in microbiology was the identification of the tubercle bacillus, an event whose 100th anniversary will be celebrated in 1982.

It was to combat the ravages of TB that the American Lung Association, under the name of the National Association for the Study and Prevention of Tuberculosis, was founded in 1904. Since that founding, the war against TB has been remarkably successful but there is yet to be total victory. In fact, the disease is in the news again. For example, the number of reported cases in children under 5 years has increased 13.3 percent, the newly arrived refugees from Southeast Asia show a TB rate 60 times higher than America's white population, and recent Haitian refugees have an even higher rate.

Because existing law did not authorize federal funds for the prevention and control of TB, the ALA worked with Congress to obtain TB grant authority, testifying before Congressional committees on the importance of this issue.

The ALA will work to see that funds are made available to implement this new program so that support can be directed to areas where it is most needed. The ALA will never forget that its 77-year-old war against tuberculosis has yet to be won. †



Wide World Photos

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## PRIMARY GRADES HEALTH CURRICULUM PROJECT

"This box contains the most wonderful thing in the world," a teacher tells a first-grade boy. The child opens the gift-wrapped box and sees his own reflection in a mirror. This is just one dramatic technique used in the Primary Grades Health Curriculum Project that is aimed at teaching good health in kindergarten through third grade. The ALA and local lung associations are strong supporters of the project; in many states the associations have acted as catalysts in setting up the program and the needed collaboration among school systems, teachers, families and communities. The program, which is now in 33 states and Puerto Rico, seeks to introduce the children to the wonder that is their own bodies by teaching awareness of their senses, body movement and function and to instill pride in taking proper care of their bodies.

Initially tested in four areas in 1976, the rapidly expanding Health Curriculum Project has received excellent grades in effectiveness from a recent report of an ALA-funded long-term study. According to data collected thus far, the project benefits not just the participating child but the whole family by raising good-health awareness, which has led to families' improving exercises and eating habits and reducing smoking.

In 1980, the project was validated by the U.S. Department of Education as an "exemplary" program—meaning programs that work—a dis-

inction shared by only one other health education program, the School Health Curriculum Project for grades 4 through 7. ‡



Barbara Lynch

To learn about health care and respect for their bodies, third-graders draw a skeleton and take part in classroom discussions.



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## RESEARCH and EDUCATION

*didn't even have one*

*research done but not even tried*

Scientists will journey to Mount Everest to study the effect of high altitude on the lungs, which demonstrates some of the same increases in red blood cells and thickening in blood that occur in lung disease. In Cleveland, a researcher will study the influence of cold air on the smooth muscle of the bronchial tract.

Frank H. Sarnquist, M.D., practices for a Mt. Everest climb to study the effect of high altitude on the lungs. At right, research on breathing disorders during sleep.



*medical sense or authority*

These muscles tend to contract in cold weather, which makes breathing that much more difficult for chronic bronchitis sufferers and increases the likelihood of illness. Such wide-ranging projects are just illustrations of the types of investigations that the ALA has helped fund. Research and professional education are given high priority by the ALA national office, which is why one third of the contributions received from the field are designated in the following year for these areas in the form of research grants and individual fellowships.

Fellowships are provided to facilitate training in pulmonary diseases for physicians and others with doctoral degrees, and the funds are especially targeted at those doctors who intend to stay in teaching and research; fellowships are also directed to nurses who wish to become respiratory clinical nurse specialists. The research program supports young investigators in need of seed money to begin their research projects. This year alone, the ALA awarded 50 fellowship awards and supported over 45 research projects in more than 25 states.

All research and fellowship proposals are given peer review by the ALA's medical section, the American Thoracic Society (ATS), whose membership of 8,200 physicians, scientists, and highly qualified health professionals are leaders in the field of respiratory disease.

During 1980-81, the ALA and ATS jointly completed a series of eight audiovisual programs for health professionals that deal with, among other subjects, the medical management of chronic obstructive pulmonary disease, aspiration of foreign objects by small children, and pharmacology therapy for pediatric asthma. Through these and many other national educational and training programs, the ALA serves both the scientific community and the public. ‡



2026257468

## FUND RAISING

This year has been a banner year in fund-raising for the American Lung Association, resulting in the greatest dollar growth ever. Contributions increased 22 percent, with Christmas Seals reaching 85 percent of all U.S. households. Comedian Bob Hope, campaign chairman for 1980 as well as 1981, and 24 young Christmas Seal artists kicked off the Campaign with a White House tour and trips to the Smithsonian Institute and the National Gallery of Art.

But Christmas Seals are just one chapter in the ALA fund-raising story. Local lung associations sponsored 37 separate Treks for Life and Breath, and these long-distance bicycle, backpacking, canoe and ski trips raised more than \$300,000. Corporations joined in supporting the treks, as well as other promotions, such as the GTE/Sylvania offer of a special rebate to flashbulb purchasers and a matching donation to the ALA.

With the intensified pressure on the private sector to carry more of the load in funding programs formerly financed either wholly or in part by the federal government, ALA and the local lung associations will face an even bigger challenge in securing funding for their many vital programs. ‡



A trek across the Sierra Nevada mountain range (above and below) is one of many lung association fund-raisers.



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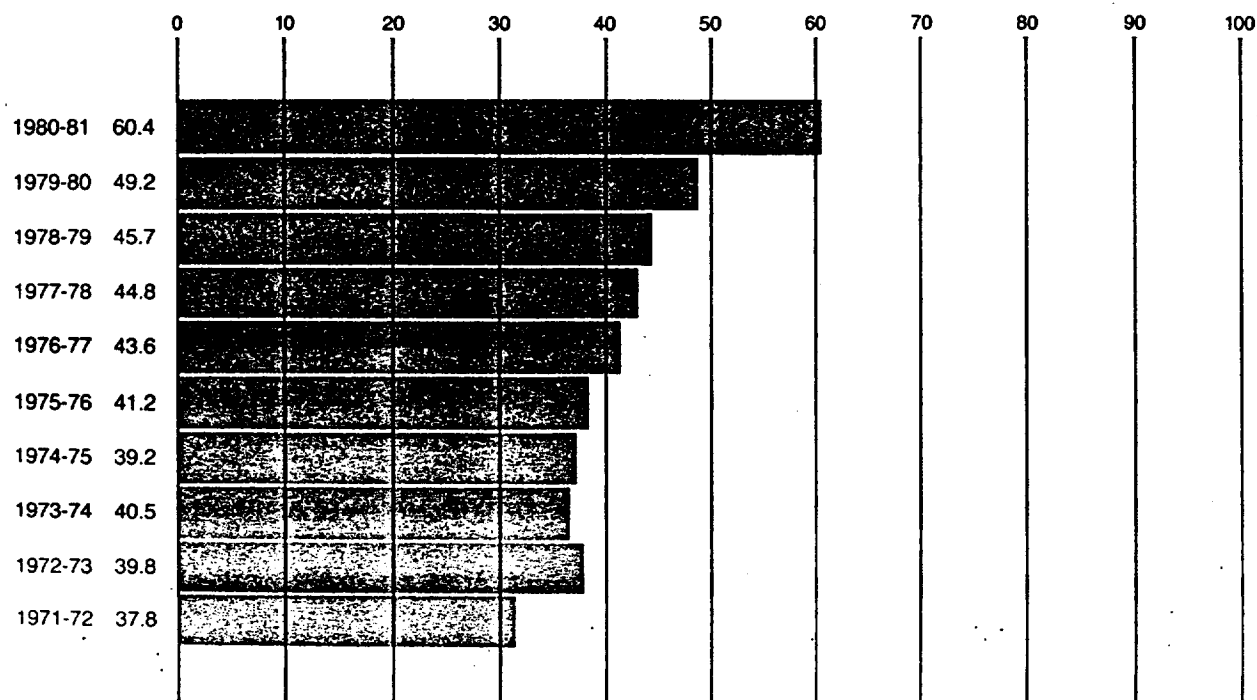
Robert Rodale (right), chairman of Rodale Press, presents a check to James A. Swomley for antismoking materials.



National Chairman Bob Hope kicks off the 1980 Christmas Seal Campaign in Washington, D.C.

# American Lung Association Contribution Income

(in millions of dollars)



2026257470

# FINANCIAL

## AMERICAN LUNG ASSOCIATION\*/TREASURER'S REPORT (A nonprofit association)



### BALANCE SHEET • March 31, 1981 (Note 1)

#### Assets

##### CURRENT ASSETS:

Cash (including time deposits of \$1,900,000)  
Receivables (including \$2,684,383 from constituent and affiliated associations)  
Investments, at-cost (approximate market value \$2,725,762)  
Inventories  
Prepaid expenses and other current assets  
Total current assets

Furniture and equipment, at cost less accumulated depreciation  
and amortization of \$256,684

\$1,934,201  
2,848,243  
2,417,857  
1,731,466  
412,345  
9,344,112

189,303

\$9,533,415

#### Liabilities and fund balance

##### CURRENT LIABILITIES:

Accounts payable and accrued expenses  
Deferred income  
Total current liabilities

\$1,207,603  
1,029,179  
2,236,782

##### FUND BALANCE:

Designated by the Governing Board for:  
Shareable income for 1981-1982 programs  
Supply services  
Fixed assets  
Undesignated, available for general activities  
Total fund balance

5,514,718  
720,652  
158,482  
902,781  
7,296,633

Commitments (Note 2)

\$9,533,415

\*In the Treasurer's Report, this name refers solely to the national association.

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**STATEMENT of REVENUE, EXPENSES and CHANGES in FUND BALANCE**  
**For the YEAR ENDED March 31, 1981**  
 (Note 1)

**REVENUE:**

Shareable income from constituent associations for 1981-1982 programs	\$5,514,718
Subscription and advertising income, net of applicable costs of \$411,110	363,677
Investment income, net of realized loss of \$40,626	278,975
Public support *	180,425
Sales of supplies to constituent and affiliated associations, net of applicable costs of \$8,491,395 (Note 4)	137,200
Membership dues	124,765
Sales of educational materials	123,862
Government agencies contracts	105,436
Annual meeting:	
Exhibit income	88,675
Registration fees	60,175
Miscellaneous	39,553
Total revenue	<u>7,017,461</u>

**EXPENSES:**

Program services:	
Adult lung disease	1,513,652
Air conservation	571,598
Occupational health	586,950
Pediatric lung disease	1,113,458
Smoking and health	707,702
Total program services	<u>4,493,360</u>
Supporting services for ALA and constituent and affiliated associations:	
Fund raising	769,040
Administrative and general	992,954
Total supporting services	<u>1,761,994</u>
Total expenses	<u>6,255,354</u>
Excess of revenue over expenses	762,107
FUND BALANCE AT BEGINNING OF YEAR, including \$66,274 of restricted funds	<u>6,534,526</u>
FUND BALANCE AT END OF YEAR	<u>\$7,296,633</u>

\*Includes bequests received from: Frances G. Wiley, Mordecai Henson Trust, Paul Mellinger, Earl H. Evans, Warren L. Stroud, Felicity L. Ernesti, Merle H. Smith, Clifford Bailey, Robert L. Patterson, Edwin B. Steel, Otto Fischer, Dennie Singer and Charles Parker.

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STATEMENT OF FUNCTIONAL EXPENSES for the YEAR ENDED MARCH 31, 1981  
(Note 1)

	PROGRAM SERVICES					SUPPORTING SERVICES FOR ALA AND CONSISTENT AND AFFILIATED ASSOCIATIONS			Total Expenses
	Adult Lung Disease	Air Carrier- vention	Occupa- tional Health	Pediatric Lung Disease	Smoking and Health	Fund Raising	Adminis- trative & General	Total	
Professional salaries	\$ 295,449	\$147,926	\$159,665	\$ 228,638	\$182,996	\$230,931	\$331,206	\$ 625,137	\$1,640,011
Operational salaries	57,143	50,664	31,250	97,618	47,637	60,453	224,934	285,387	588,719
Payroll taxes and workmen's compensation	28,118	15,886	13,250	26,232	16,660	20,614	49,180	77,794	182,523
Employee benefits (Note 3)	24,306	13,586	13,256	22,437	16,978	24,477	42,067	66,544	156,122
Total salaries and related expenses	405,016	228,106	216,675	374,925	265,291	346,475	647,387	1,054,962	2,548,375
Professional fees and contract payments	156,719	35,409	11,794	126,020	36,475	115,854	66,879	182,733	551,120
Occupancy	29,445	16,472	16,061	27,180	18,355	108,513	52,223	81,873	190,386
Telephone and telegraph	13,829	7,736	7,543	12,765	9,090	50,983	13,925	24,980	75,943
Conferences, conventions and meetings:									
Staff	10,002	6,182	5,492	8,746	8,668	9,303	18,766	28,289	67,361
Annual meeting	72,980	8,513	39,172	22,449	10,405	8,829	29,124	29,917	153,460
Board and committees	138,437	58,919	39,172	98,117	56,752	382,397	27,868	79,917	423,514
Local transportation	27,015	18,250	14,490	23,518	20,078	44,322	2,948	72,917	173,068
Printing, publications and audiovisual materials	14,012	12,046	14,823	21,816	10,623	20,181	6,345	24,476	23,028
Postage and shipping	14,742	4,668	4,551	10,048	5,465	16,298	37,213	53,501	113,111
Supplies and shipping	8,344	4,668	4,551	7,703	4,465	8,403	13,698	22,101	52,852
Media expense*	3,754	5,272	1,673	3,487	3,181	17,367	28,194	28,278	45,645
Office equipment	2,554	1,429	1,393	2,357	1,679	8,412	2,340	4,912	14,324
Business insurance	2,557	1,430	1,394	2,380	1,681	8,422	2,574	5,882	17,878
Dues and subscriptions	914	1,408	793	614	368	4,097	7,553	3,999	15,649
Awards and grants:									
Medical fellowships	236,501	68,143	102,215	170,358	102,214	681,431			681,431
Research grants	231,156	68,045	99,068	165,113	99,068	660,453			660,453
Support of other organizations:									
Domestic	7,424	10,572	8,522	8,814	4,628	39,980	2,500	5,140	7,640
International	22,051	9,360	9,082	16,785	9,705	67,023	9,876	8,976	47,800
Support of special projects to other lung associations for special services	3,110	1,197	976	3,081	1,409	9,773	42,782	42,782	52,535
Depreciation and amortization of furniture and equipment	659	205	125	1,808	68	2,665	11,107	11,107	13,772
Total expenses	\$1,513,652	\$571,586	\$366,550	\$1,113,458	\$707,702	\$4,483,360	\$789,040	\$1,761,994	\$6,255,364

THIS COVERS COST OF FURNISHING MEDIA WITH MATERIALS; AIRTIME AND SPACE ARE CONTRIBUTED BY THE MEDIA

NOTES TO FINANCIAL STATEMENTS - MARCH 31, 1981

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES: The nature of operations and the significant accounting policies followed by the American Lung Association (ALA) in preparation of the accompanying financial statements are summarized below:

Nature of operations: ALA is a national, nonprofit organization dedicated to the prevention and control of lung disease. The organization conducts programs to inform the public of adult and pediatric lung disease, smoking and health hazards, occupational health and air conservation. Professional education programs include the sponsorship of symposia, conferences and meetings among medical professionals, as well as publications, films, fellowships and research grants to encourage specialization in lung diseases.

Disbursements for awards and grants are made from ALA only to other organizations that are publicly supported for charitable purposes and are tax exempt, or to organizations and individuals for activities and grants consistent with the stated purposes of ALA. Recipients are required to meet certain qualifications and to provide accountability of funds disbursed.

There are 60 constituent associations (associations having jurisdiction over specified geographic areas or over a particular association) or ALA. Each constituent is required to submit financial statements to ALA. These funds have been designated by the Governing Board to finance the annual year's activities.

In return, ALA provides supplies and certain services to its associations which are used to conduct or facilitate the association's programs. Supplies provided by ALA include Christmas Seal and health education materials, and are provided at a price which approximates the cost (including general and administrative expenses) of producing such supplies. Any excess of revenues over such costs has been designated by the Governing Board to fund the "supply service" operation. ALA also operates regional fund raising centers and provides consultation from the national office. The cost of maintaining and operating the regional centers is passed on directly to the participating associations. Fund raising expenditures by ALA are designed to enhance the contribution of financial resources at the association level.

Income recognition: Revenues for magazine subscriptions and membership dues are recognized as the magazines are delivered to subscribers or over the membership period. Revenues from sales of supplies are recognized when earned by the association. Shareable income is recognized for the fund raising campaign which falls within ALA's fiscal year.

Investments: Investments are stated at the lower of cost or market.

Inventory: Inventories are stated at the lower of cost or market, cost being determined on a first-in, first-out basis. At March 31, 1981, inventories consisted primarily of Christmas Seal campaign and health education materials.

Furniture and equipment: Furniture and equipment is recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets which range from five to ten years. ALA follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$500.

Allocation of expenses: Indirect expenses are allocated to the various program and supporting services based on the ratio of payroll expense to the total payroll expense.

Joint costs of activities which include fund raising are allocated to program services to the extent they are intended to inform or educate the public concerning respiratory health or to supporting services (including fundraising) to the extent they are intended to reduce the contribution of financial resources or enhance the image of ALA.

Income taxes: The association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except that it is subject to federal state and local income taxes on unrelated business income. For the year ended March 31, 1981, there was an operating deficit from unrelated business activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

NOTE 2 - COMMITMENTS: ALA occupies its national office space under a lease agreement with the American Lung Association for the year ended March 31, 1981. The lease is for an annual amount of \$200,000. On October 1, 1980, through September 30, 1985, and approximately \$250,000 from October 1, 1985 through the end of the lease, plus escalation covering a proportionate share of increased taxes and building operational costs. Rental expense for the year ended March 31, 1981 was approximately \$190,000.

ALA has approved approximately \$1,200,000 of awards and grants for professional education and research for the year ending March 31, 1982.

NOTE 3 - PENSIONS: ALA maintains a noncontributory defined benefit pension plan covering all of its employees. The total pension expense for the year ended March 31, 1981 was approximately \$83,000. Pension costs provided for are fully funded. At November 1, 1979 (the latest available date), the actuarial present value of the pension plan was approximately \$1,400,000. The actuarial present value of the pension plan was approximately \$2,200,000. The actuarial present value of accumulated plan benefits was 7% for the plan year ended October 31, 1979.

NOTE 4 - RELATED PARTY TRANSACTIONS: ALA provides supplies to its constituent and affiliated associations at a price which approximates ALA's cost of providing such supplies. For the year ended March 31, 1981, the excess of revenues over such costs is as follows:

Sales of supplies to constituent and affiliated associations	\$8,026,595
Cost of sales	8,249,860
	378,735
Allocated general and administrative expenses	241,535
	\$ 137,200

ALA also operates six regional fund raising centers for the benefit of its constituent and affiliated associations. For the year ended March 31, 1981, the cost of operating the regional centers was approximately \$2,100,000 and was passed on directly to the participating constituents and affiliates.

To the Board of Directors of  
American Lung Association

In our opinion, the accompanying balance sheet and the related statements of revenue, expenses and changes in fund balance and of functional expenses present fairly the financial position of American Lung Association at March 31, 1981, and the results of its operations and the changes in fund balance for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.  
New York, N.Y.  
April 30, 1981

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# AMERICAN LUNG ASSOCIATION AND 155 CONSTITUENT AND AFFILIATE ASSOCIATIONS

## CONSOLIDATED FINANCIAL STATEMENTS

This summary reports the financial status of all "Christmas Seal" associations (national, constituent and affiliate) combined. It is based on the balance sheets and income and expense figures separately reported by all associations. However, to make possible assembling financial data from 59 constituents (plus the Virgin Islands) and 95 affiliated associations, this summary is for fiscal year 1979-80, not for the 1980-81 year, as is shown in the rest of the financial data of this Annual Report.

Associations prepare financial reports in accordance with the National Health Council uniform accounting standards.

All "Christmas Seal" campaign expenses are classified under fund raising, even though the campaign provides a unique opportunity for

health education and information.

Constituent and affiliated association programs and expenditures are determined by locally elected boards of directors. Contractual arrangements with the ALA specify the purposes for which funds raised by the "Christmas Seal" campaign may be spent. Every year, the campaign is concluded toward the end of the fiscal year; policy requires that income received be reserved for the following year's budget.

Financial statements pertaining to the ALA were audited by Martin and Martin. Financial statements of constituents and affiliated associations—which are included in the consolidated statements—were audited individually by other authorized firms.

## CONSOLIDATED BALANCE SHEET (at March 31, 1980)

### ASSETS

#### CURRENT ASSETS

Cash (Including Savings Accounts)	\$25,158,520
Marketable Securities	36,534,047
Receivables and Inventories	2,838,804
<b>TOTAL CURRENT ASSETS</b>	<b>\$64,531,371</b>

OTHER ASSETS 2,373,341

**TOTAL GENERAL FUND ASSETS \$66,904,712**

#### FIXED ASSETS (Net)

Land and Buildings	\$ 6,806,306
Equipment and Furniture	2,414,803
<b>TOTAL FIXED ASSETS</b>	<b>\$ 9,223,109</b>

### INCOME

Support from Public:	
Contributions*	\$47,059,807
Bequests	1,957,181
Grants from Other Organizations	189,605
<b>Total Received Directly</b>	<b>\$49,206,593</b>
Grants from Government Agencies	1,256,057
Other Revenue:	
Investment Income	\$ 4,804,234
Service Fees	1,785,062
Membership Dues	321,883
Miscellaneous	740,673
<b>TOTAL INCOME</b>	<b>\$58,114,502</b>

### LIABILITIES AND FUND BALANCES

#### LIABILITIES

Payables and Other Liabilities \$ 1,262,876

#### FUND BALANCES

Funds for Special Purposes \$ 8,625,801

Funds Available for Expenditure: To Finance 1980-81 Budget 57,016,035

**TOTAL FUND BALANCE 65,641,836**

**TOTAL LIABILITIES AND FUND BALANCES \$66,904,712**

#### FIXED ASSET FUND

Funds Invested in Fixed Assets \$ 9,223,109

**TOTAL FIXED ASSET FUND \$ 9,223,109**

## CONSOLIDATED STATEMENT OF INCOME AND EXPENSES (for the year ended March 31, 1980)

### EXPENSE CLASSIFICATIONS

	PROGRAM EXPENSES					SUPPORTING EXPENSES		TOTAL EXPENSES
	Environ.† Health	Smoking Educ.	Adult Lung Disease	Pediatric Lung Disease	Community Health	Fund Raising	Admin. & General	
Professional Salaries	\$1,667,291	\$2,711,023	\$3,483,306	\$1,959,272	\$1,857,594	\$1,363,920	\$1,487,321	\$14,529,727
Operational Salaries	504,950	732,585	1,046,126	562,949	635,102	705,590	903,622	5,091,026
Temporary Employees Salaries	26,914	62,734	60,117	26,186	44,904	204,298	29,855	455,008
Professional Fees & Contract Payments	254,767	232,134	362,880	214,774	100,120	2,612,069	545,038	4,321,782
Payroll Taxes & Workmen's Compensation	185,568	264,460	353,486	192,405	190,693	167,368	198,305	1,532,285
Employee Benefits	240,783	364,686	483,681	270,210	262,326	221,680	239,022	2,082,370
Business Insurance	41,643	59,006	79,918	47,367	45,198	40,884	42,149	356,167
Building Occupancy	211,587	341,387	435,234	253,378	238,867	185,619	244,124	1,910,226
Telephone & Telegraph	107,239	182,307	236,075	125,837	128,472	96,134	91,758	967,820
Travel or Local Transportation	161,044	257,225	336,109	158,732	168,807	136,670	81,187	1,319,774
Meetings, Conferences, Major Trips	221,039	312,205	893,443	338,400	263,642	146,074	270,355	2,445,158
Office & Cleaning Supplies	59,142	93,762	117,830	65,430	67,615	52,721	60,670	517,170
Special Supplies	12,650	60,163	139,531	80,127	38,673	42,184	23,236	396,564
Printing, Publications, Audiovisual Materials	234,547	553,474	752,066	330,007	283,552	4,112,123	127,462	6,393,231
Postage & Shipping	113,006	210,161	292,556	147,797	152,263	3,733,919	104,827	4,754,529
Media Expense**	24,742	36,885	34,041	16,855	20,917	61,741	3,907	199,088
Office Equipment	39,843	62,513	93,423	45,034	45,929	33,856	36,263	356,861
Dues & Subscriptions	26,486	11,621	24,210	8,318	10,603	5,459	1,732	88,411
Miscellaneous Expenses	16,750	12,692	27,779	10,242	22,381	10,035	22,416	122,295
Awards & Grants - Professional Education	19,780	24,565	40,327	23,802	24,684	33,265	123,740	290,173
Awards & Grants - Research	96,591	186,437	1,007,047	389,212	380,889	—	—	2,060,176
Support of Other Organizations	116,635	126,666	551,041	230,647	280,839	—	—	1,305,828
Assistance to Individual Patients	38,938	107,233	139,410	84,005	234,819	—	—	604,405
Totals Before Depreciation	4,423,567	7,006,388	11,101,934	5,594,757	5,528,884	13,965,609	4,636,987	52,258,126
Depreciation	73,554	102,889	146,946	75,226	85,839	97,983	107,248	689,685
<b>TOTAL EXPENSES</b>	<b>\$4,497,121</b>	<b>\$7,109,277</b>	<b>\$11,248,880</b>	<b>\$5,669,983</b>	<b>\$5,614,723</b>	<b>\$14,063,592</b>	<b>\$4,744,235</b>	<b>\$52,947,811</b>

\* The budget for the fiscal year ended March 31, 1980 was financed primarily by the 1978 "Christmas Seal" Campaign (\$45,587,429).

\*\* Materials only; see footnote to Functional Expense Report.

† Air conservation and occupational health.

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1981-82**

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*Past President*  
 Walter J. Hatcher, Stamford, Connecticut—  
*Vice-President*  
 Edward M. Sewell, M.D., Philadelphia, Pennsylvania—  
*Vice-President*  
 Roslyn Bilford, Syracuse, New York—*Secretary*  
 Bernard G. Koplow, Sioux Falls, South Dakota—  
*Treasurer*

As of March 31, 1981

Richard Sinsheimer, Beverly Hills, California—*President*  
 Edmund C. Casey, M.D., Cincinnati, Ohio—  
*President-elect*  
 G. Gordon Beck, Duncanville, Texas—*Past President*  
 Claire V. Hansen, Chicago, Illinois—*Vice-President*  
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 Roslyn Bilford, Syracuse, New York—*Secretary*  
 Bernard G. Koplow, Sioux Falls, South Dakota—  
*Treasurer*

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As of March 31, 1981

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\*Resigned

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\*Resigned

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